

APPENDIX B: SAMPLE LEASE AGREEMENT
FOR URGENT CARE CENTER

LEASE AGREEMENT

DEPARTMENT: _____, as Tenant

LANDLORD: _____, a _____

[address of premises]

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SAMPLE LEASE AGREEMENT FOR URGENT CARE CENTER

LEASE AGREEMENT FOR URGENT CARE CENTER

THIS LEASE is entered into as of the _____ day of _____, 20__ between _____ ("Landlord"), and _____ ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION.

The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease.

1.1 Defined Terms Relating to the Lease:

- (a) Landlord's Address for Notice: _____
- (b) Tenant's Address for Notice: _____
- (c) Premises: Approximately _____ rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto.
- (d) Building: The building located at _____ which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
- (e) Term: Ten (10) years commencing 30 days after Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the _____ anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an

option has been validly exercised.

- (f) Projected Commencement Date: _____
- (g) Commencement Date: _____
- (h) Irrevocable Offer Expiration Date: _____
- (i) Basic Rent: \$_____ per month
(which is based upon a rental rate of
\$_____ per rentable square foot
(adjustable only as provided in Section 5
hereof.)
- (j) Early Termination Notice Date: _____
- (k) Rentable Square Feet in the Premises: _____
- (l) Use: See Section 6
- (m) Initial Departmental Use: See Section 6
- (n) Parking Spaces: _____
- (o) Normal Working Hours: See Section 6
- (p) Asbestos Report: A report dated _____ prepared by _____,
a licensed California Asbestos contractor.

1.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: _____
- (b) Additional Tenant Improvement Allowance: _____
- (c) Maximum Change Order Allowance: _____
- (d) Additional Tenant Improvement and Change Order Amortization Rate: _____% per annum

(e)

(f) Tenant's Representative: _____

(g) Landlord's
Representative: _____

(h)

(i)

1.3 Exhibits to Lease:

Exhibit A – Floor Plan of Premises
Exhibit B- Legal Description of Property
Exhibit C – Commencement Date
Memorandum and Confirmation of Lease
Terms
Exhibit D – HVAC Standards
Exhibit E – Cleaning and Maintenance
Schedule
Exhibit F – Grant Regulations

1.4 Landlord's Work Letter:
(Executed concurrently with this Lease
and made a part hereof by this reference):

Landlord's Work Letter
Addendum A: Base Building
Improvements
Addendum B: Tenant Improvements

1.5 Supplemental Lease
Documents: (Delivered to Landlord
and made a part hereof by this reference):

Document I: Subordination, Non-
disturbance and Attornment Agreement
Document II: Tenant Estoppel Certificate
Document III: Community Business
Enterprises Form
Document IV: Memorandum of Lease
Document V: Request for Notice

2. PREMISES.

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES.

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin 30 days after Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

(b) Termination Right. If the Commencement Date has not occurred within 60 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 60 days prior written notice executed by Tenant.

(e) Options to Extend

(i) Terms of Options. Provided that no material Default has occurred and is continuing under this Lease at the time the option is exercised, Tenant shall have two (2) options to renew this Lease for an additional period of sixty (60) months each (respectively, the "First Extension Term" and the "Second Extension Term", and collectively, the "Extension Term(s)").

(ii) Exercise of Option. Tenant must exercise its options to extend this Lease by:

(1) giving Landlord written notice of its intention to do so (its "Notice of Intent") which shall be no later than one-hundred-eighty (180) days prior to the end of the initial Term, or the First Extension Term, as applicable, and

(2) after Market Rental Value has been determined as provided below, and by giving written notice of its election to exercise such option.

(iii) Terms and Conditions of the Extension Terms. Extension Terms shall be on all the terms and conditions of this Lease, except that Basic Rent during Extension Terms shall be equal to ninety percent (90%) of Market Rental Value for the Premises as of the commencement of the applicable Extension Term ("Adjusted Market Rental Value") to be determined as set forth below, and Landlord shall have no additional obligation for free rent, leasehold improvements or for any other tenant inducements for the Extension Terms.

(iv) Agreement on Basic Rent. Landlord and Tenant shall have ninety (90) days after Landlord receives the Notice of Intent in which to agree on the Basic Rent during the applicable Extension Term. Basic Rent during the Extension Term(s) shall be the Adjusted Market Rental Value of the Premises calculated as of the date Tenant gives its Notice of Intent with respect to its first and second options to extend, respectively.

(v) Market Rental Value. The term "Market Rental Value" shall be the rental rate that comparable Premises in the market in which the Premises is located would command for the same term as the Extension Term on the open market at the time Tenant provides its Notice of Intent, as determined jointly by Landlord and Tenant. For purposes hereof, the term "comparable Premises" shall mean premises in a Building similar in size and location to the Building, excluding any improvements installed by Tenant in the Building. In determining the Market Rental Value, appropriate consideration shall be given to Tenant's credit worthiness, the annual amount per rentable square foot that Landlord has accepted in current transactions between non-affiliated parties from new, non-expansion, non-renewal and non-equity tenants of comparable credit-worthiness for comparable premises for a comparable use for a comparable period of time, the annual rental rates per square foot, the standard of measurement by which the rentable square footage is measured, the ratio of rentable square feet to usable square feet, the type of escalation clause (e.g., whether increases in additional rent are determined on a net or gross basis, and if gross, whether such increases are determined according to a base year or a base dollar amount expense stop), the extent of Tenant's liability under the lease, parking rights and obligations, signage rights, abatement provisions reflecting free rent and/or no rent during the period of construction or subsequent to the commencement date as to the space in question, brokerage commissions, if any, which would be payable by Landlord in similar transactions, length of the lease term, size and location of the Building being leased, and other general applicable conditions of tenancy for such comparable transactions.

(vi) Opinions. Landlord shall submit its opinion of Market Rental Value to Tenant within fifteen (15) days after Landlord's receipt of the Notice of Intent and Tenant shall respond thereto within ten (10) days thereafter by either (a) accepting Landlord's opinion of Market Rental Value (in which case, such Market Rental Value shall be used to determine Basic Rent during the Extension

Term) or (b) submitting Tenant's opinion of Market Rental Value. If Landlord and Tenant cannot agree upon the Market Rental Value of the Premises within fifteen (15) days thereafter, then Landlord and Tenant within five (5) days shall each submit to each other their final written statement of Market Rental Value ("Final Statement"). Within ten (10) days thereafter Landlord and Tenant shall together appoint one real estate appraiser (who shall be a Member of the American Institute of Real Estate Appraisers) (or, if both Landlord and Tenant agree, a certified property manager with ten (10) years of experience) who will determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraiser's opinion) Market Rental Value of the Premises. If Landlord and Tenant cannot mutually agree upon an appraiser within said ten (10) day period, Tenant may apply to the Presiding Judge of the Superior Court for Los Angeles County, requesting said Judge to appoint the M.A.I. qualified appraiser. The appraiser so appointed shall promptly determine whether Landlord's or Tenant's Final Statement of Market Rental Value is the closest to the actual (in such appraisers' opinion) Market Rental Value of the Premises, and such Final Statement of Market Rental Value shall be the Market Rental Value used in determining Basic Rent during the Extension Term. The fees and expenses of the appraiser shall be borne equally by Landlord and Tenant. The appraiser appointed or selected pursuant to this Section shall have at least ten (10) years of experience appraising commercial properties in Los Angeles County.

(vii) Amendment of Lease. Immediately after the exercise of any option granted pursuant to this Section 4.1, Landlord and Tenant shall execute an amendment to this Lease setting forth the new Basic Rent in effect.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within 15 days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

6. USES. Landlord agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Tenant as a psychiatric urgent care center (including office and clinic space) seven days per week, twenty-four hours per day, and at Tenant's option, for other similar and lawful purposes as Tenant may desire.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term (or Extension Term) of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 30 days written notice from Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act,

except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises. Landlord and Tenant further agree and acknowledge that all times during the Term of this Lease (as the same may be extended) Tenant and Landlord shall comply with applicable requirements of California Code of Regulations Title 4, Division 10, Chapter 5 "Investment in Mental Health Wellness Grant Program" attached hereto as Exhibit F ("Grant Regulations"). Landlord and Tenant further acknowledge that Tenant is receiving certain funding through said Investment in Mental Health Wellness Grant Program ("Grant Funds") and that Tenant intends to use such Grant Funds to pay Landlord for the costs of eligible Tenant Improvements.

9. DAMAGE OR DESTRUCTION

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may

retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder, or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises, the Building and all Common Areas, (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition and that no Grant Funds shall be used with regard to construction, maintenance, or repair of any such Common Areas in compliance with the Grant Regulations; (ii) the Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirements; (iii) the Premises, Building and Common Areas are free of the presence of any Hazardous Materials (as hereinafter defined); (iv) Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report) and (v) the Premises are currently in full compliance with the requirements set forth in Section 7126(a)(5) of the Grant Regulations. Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform

all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five years); and (5) signage.

(c) Tenant Obligations. Without limiting Landlord's Obligations, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES. Landlord shall furnish the following services and utilities to the Premises which utilities have or will be separately metered by the Landlord and shall be paid for by the Tenant:

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), in amounts required for the use and occupancy of the Premises.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. If applicable, Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five nights per week generally consistent with that furnished in comparable buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas, if applicable, on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

(g) Exterior Maintenance. Landlord shall provide exterior maintenance and janitorial services generally consistent with that furnished in comparable leased buildings in the County of Los Angeles, but not less than the services set forth in the specifications in Exhibit E attached hereto.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Tenant Default") shall constitute a material default and breach of this Lease by Tenant:

(i) The failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Landlord Remedy. Tenant agrees that if a Tenant Default should occur and should not be cured within the time periods set forth above, Landlord's sole remedy shall be to seek specific performance. Landlord agrees and acknowledges it shall NOT have the right to terminate this Lease.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)); provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; and/or (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in

the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may not assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises, provided, however, that Tenant may, without Landlord's consent, assign this Lease or sublet the Premises as necessary for purposes of allowing for the continued operation of a psychiatric urgent care center as described in Section 6 of this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must

exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees. Nothing in this Lease shall be construed to waive, limit, or supersede any of Tenant's rights or immunities under the California Labor Code, including but not limited to a waiver pursuant to section 3864 of the Labor Code.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the

Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE

19.1 TENANT REQUIREMENTS.

Without limiting Tenant's indemnification of Landlord and during the term of this Lease, and until all of its obligations pursuant to this Lease have been met, Tenant shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in this Lease. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Tenant pursuant to this Lease. The Landlord in no way warrants that the Required Insurance is sufficient to protect the Tenant for liabilities which may arise from or relate to this Lease.

(a) Evidence of Coverage and Notice to Landlord

- Certificate(s) of insurance coverage (Certificate) satisfactory to Landlord, and a copy of an Additional Insured endorsement confirming Landlord and its Agents (defined below) has been given Insured status under the Tenant's General Liability policy, shall be delivered to Landlord at the address shown below and provided prior to the start day of this Lease.
- Renewal Certificates shall be provided to Landlord not less than 10 days prior to Tenant's policy expiration dates. The Landlord reserves the right to obtain complete, certified copies of any required Tenant insurance policies at any time.
- Certificates shall identify all Required Insurance coverage types and limits specified herein, reference this Lease by name or number, and be signed by an authorized representative of the insurer(s). The Insured party named on the Certificate shall match the name of the Tenant identified in this Lease. Certificates shall provide the full name of each insurer providing coverage, its NAIC (National Association of Insurance Commissioners) identification number, its financial rating, the amounts of any policy deductibles or self-insured retentions exceeding twenty five thousand (\$25,000.00) dollars, and list any Landlord required endorsement forms.

- Neither the Landlord's failure to obtain, nor the Landlord's receipt of, or failure to object to a non-complying insurance certificate or endorsement, or any other insurance documentation or information provided by the Tenant, its insurance broker(s) and/or insurer(s), shall be construed as a waiver of any of the Required Insurance provisions.
- Certificates and copies of any required endorsements, notices of cancellation shall be delivered to:

Tenant also shall promptly notify Landlord of any third party claim or suit filed against Tenant which arises from or relates to this Lease, and could result in the filing of a claim or lawsuit against Tenant and/or Landlord.

(b) Additional Insured Status and Scope of Coverage

The Landlord, its Agents, Employees and Volunteers (collectively Landlord and its Agents), shall be provided additional insured status under Tenant's General Liability policy with respect to liability arising from or connected with the Tenant's acts, errors, and omissions arising from and/or relating to the Tenant's operations on and/or its use of the premises. Landlord's additional insured status shall apply with respect to liability and defense of suits arising out of the Tenant's acts or omissions, whether such liability is attributable to the Tenant or to the Landlord. The full policy limits and scope of protection also shall apply to the Landlord as an additional insured, even if they exceed the Landlord's minimum Required Insurance specifications herein. Use of an automatic additional insured endorsement form is acceptable providing it satisfies the Required Insurance provisions herein.

(c) Cancellation of or Changes in Insurance

Tenant shall provide Landlord with, or Tenant's insurance policies shall contain a provision that Landlord shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to Landlord at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Lease, in the sole discretion of the Landlord, upon which the Landlord may suspend or terminate this Contract.

(d) Failure to Maintain Insurance

Tenant's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Lease.

(e) Insurer Financial Ratings.

Insurance is to be provided by an insurance company authorized to do business in California and acceptable to the Landlord, with an A.M. Best rating of not less than A:VII, unless otherwise approved by the Landlord.

(f) Tenant's Insurance Shall Be Primary

Tenant's insurance policies, with respect to any claims related to this Lease, shall be primary with respect to all other sources of coverage available to Landlord. Any Landlord maintained insurance or self-insurance coverage shall be in excess of and not contribute to any Tenant coverage.

(g) Waiver of Subrogation

To the fullest extent permitted by law, the Tenant hereby waives its and its insurer(s) rights of recovery against Landlord under all required insurance policies for any loss arising from or related to this Lease. The Tenant shall require its insurers to execute any waiver of subrogation endorsements which may be necessary to affect such waiver.

(h) Deductibles and Self-Insured Retentions (SIRs)

Tenant's policies shall not obligate the Landlord to pay any portion of any Tenant deductible or SIR. The Landlord retains the right to require Tenant to reduce or eliminate policy deductibles and SIRs as respects the Landlord, or to provide a bond guaranteeing Tenant's payment of all deductibles and SIRs, including all related claims investigation, administration and defense expenses. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

(i) Claims Made Coverage

If any part of the Required Insurance is written on claims made basis, any policy retroactive date shall precede the start date of this Lease. Tenant understands and agrees it shall maintain such coverage for a period of not

less than three (3) years following Lease expiration, termination or cancellation.

(j) Application of Excess Liability Coverage

Tenant may use a combination of primary and excess insurance policies which provide coverage as broad as ("follow form" over) the underlying primary policies, to satisfy the Required Insurance provisions.

(k) Separation of Insureds

All liability policies shall provide cross-liability coverage as would be afforded by the standard ISO (Insurance Services Office, Inc.) separation of insureds provision with no insured versus insured exclusions or limitations.

(l) Landlord Review and Approval of Insurance Requirements

The Landlord reserves the right to review and adjust the Required Insurance provisions, conditioned upon Landlord's determination of changes in risk exposures.

19.2 Landlord's Insurance

During the term of this Lease, Lessor shall maintain the following insurance:

- a. Commercial property insurance which shall:
 - i. cover damage to Lessor's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and
 - ii be written for full replacement cost of the property, with a deductible of no greater than five percent (5%) of the property value.
 - iii. Lessor shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises.

Insurance proceeds shall be payable to Lessor and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

- b. General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

- i. per occurrence and general aggregate amount of \$5,000,000;
- ii products/completed operations aggregate of \$2,000,000 and
- iii. personal and advertising injury of \$1,000,000

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

21. ENVIRONMENTAL MATTERS.

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials,

controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. [OMITTED]

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith. Landlord and Tenant acknowledge and agree that to the extent Tenant intends to reimburse Landlord for the costs of any such Tenant Improvements through funding provided by the County of Los Angeles, such costs must be deemed eligible costs under California Code of Regulations Title IV Section 7115, which is a part of the Grant Regulations attached hereto as Exhibit F.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. [OMITTED]

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker, within ten (10) days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. AUTHORITY. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms.

31. ACKNOWLEDGMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Landlord agrees and acknowledges that all times during the Term of this Lease (as the same may be extended) Landlord shall not interfere with and shall cooperate, as necessary, for Tenant to comply with applicable requirements of the Grant Regulations, including but not limited to 4 California Code of Regulations section 7126, which provides that any existing or subsequent encumbrance on the Premises (e.g. deed of trust) or sale of the Premises shall be subject to this Lease; there shall be no delinquent taxes or assessments or, if there are delinquent taxes or assessments, these are being contested in good faith; there shall be no easements, exceptions or restrictions on the use of the Premises that shall interfere with or impair the project (as

described in Section 6 of this Lease); and a restrictive covenant shall be recorded in the chain of title evidencing that the Premises shall be used as an Urgent Care Center (as described in Section 6 of this Lease) for the Term of this Lease; and that fee title shall be subject to this Lease and recorded in the chain of title.

(b) Landlord Assignment.

(i) Landlord may not assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof .

(ii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

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IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

By:

Name:

Its:

TENANT:

By:

Name:

Its:

EXHIBIT A

FLOOR PLAN OF PREMISES

SAMPLE

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

SAMPLE

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

EXHIBIT D

[OMITTED]

SAMPLE

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
- M. Exclusive day porter service from ____ to ____ (if provided by contract).

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

A. Windows washed as required inside and outside but not less frequently than twice annually.

B. All painted wall and door surfaces washed and stains removed.

C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

EXHIBIT F
GRANT REGULATIONS

SAMPLE

LANDLORD'S WORK LETTER

For
LEASE AND AGREEMENT

_____, as Tenant

LANDLORD:

address

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 20__, executed concurrently herewith, by and between _____, ("Landlord") as Landlord, and _____ ("Tenant") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. **Basic Work Letter Information.** The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

| | |
|--|---|
| (a) <u>Base Tenant Improvement Allowance:</u> | \$ (i.e., \$ per rentable square foot of the Premises). |
| (b) <u>Additional Tenant Improvement Allowance:</u> | \$ (i.e., \$ per rentable square foot of the Premises). |
| (c) <u>Maximum Change Order Allowance:</u> | \$ |
| (d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u> | % per annum. |
| (e) <u>Basic Rent Reduction per \$1,000:</u> | Not Applicable. |
| (f) <u>Tenant's Work Letter Representative:</u> | |
| (g) <u>Landlord's Work Letter Representative:</u> | |
| (h) <u>Landlord's Address for Work Letter Notice:</u> | See Section 1(a) of the Lease. |
| (i) <u>Tenant's Address for Work Letter Notice:</u> | |
| (j) <u>Addenda:</u> | Addendum A: Base Building Improvements Addendum B: Tenant Improvements |

2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 **Additional Costs Not Tenant Improvement Costs.**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; (ii) fire sprinkler system installation or upgrade; (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere; (iv) utility costs incurred during construction; (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease; (vi) supervision or overhead costs of Landlord; or (vi) any costs that are not "Eligible Project Costs" under the Grant Regulations, including without limitation California Code of Regulations Section 7115.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's storage rooms, file rooms, unusual live loads and other such uses.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor.** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all examination rooms, waiting rooms, offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (collectively the "Space Plan").

5.2 **Preparation and Approval of Working Drawings.** Within ten days of the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 **Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets,

sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. **Final Construction Budget and Payment of Tenant Construction Costs.**

6.1 Construction Budget. Within three days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within ten days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Landlord agrees and acknowledges that the Final Construction Budget shall not include any items that are not "Eligible Project Costs" under the Grant Regulations, including without limitation California Code of Regulations Section 7115. Costs that do not qualify as "Eligible Project Costs" under California Code of Regulations Section 7115 shall be billed and paid separately without the use of Grant Funds. Tenant shall have thirty (30) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the fifteen (15) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto (collectively, the "Tenant Improvements") shall be at Tenant's sole cost and expense and be paid to Landlord when the Tenant Improvements are Substantially Complete. Costs of Tenant Improvements shall include, without limitation, construction costs for furniture, telecommunications equipment, soft costs and any other costs designated in writing by Tenant not to exceed, in the aggregate, the sum of the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below

(collectively "Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. Tenant Improvement Costs that do not qualify as "Eligible Project Costs" may authorize be authorized by Tenant but shall be paid by Tenant to Landlord, without use of Grant Funds, in a lump sum when such Improvements are Substantially Complete.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three bids have been solicited from responsible and qualified persons. Landlord shall submit at least three sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. At least three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all

expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(d) Compliance with Laws During Construction. Construction of Base Building and Tenant Improvements shall comply with all applicable regulations issued by the California Health Facilities Financing Authority (CHFFA), including, California Code of Regulations Title 4, Division 10, Chapter 5 "Investment in Mental Health Wellness Grant Program" attached to the Lease as Exhibit F. If any of the terms of this Work Letter conflict with any such regulations, such regulations shall control. Construction of Tenant Improvements shall also comply with all other applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all applicable provisions of the Labor Code of the State of California.

(e) Payment of Prevailing Wages. Landlord shall comply with, and shall contractually require its general contractor and all subcontractors to comply with, all applicable provisions of the California Labor Code, including, but not limited to, requiring that prevailing wages be paid to all workers on the project in accordance with Labor Code section 1771. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. The General Prevailing Wage Rate Determinations are available at www.dir.ca.gov/DLSR/PWD/index.htm. Future effective wage rates will be on file with the Department of Industrial Relations, and are referenced but not printed in said publication. The new wage rates shall become effective on the day following the expiration date of the current determinations and apply to the Lease in the same manner as if they had been included or referenced in the Lease.

(f) Compliance with Insurance Requirements During Construction. Landlord shall comply, and contractually require (and use diligent efforts to enforce such requirement), Landlord's general contractor, any party to a Subcontract, and the Architect and Engineer to comply with the insurance requirements set forth in the Lease and all legal requirements in connection with the performance of all construction work on the Premises, including without limitation construction of the Tenant Improvements. Landlord shall ensure that such insurance is maintained at all times prior to the completion of construction of the Tenant Improvements and during the entire construction period. Landlord shall ensure that all premiums are paid, the insurance complies with all Insurance Requirements, and take all other actions necessary to keep such policies of insurance in effect until all work in connection with any construction on the Premises shall have been completed.

(g) General Contractor's Bonds. Before commencing construction of any of the Tenant Improvements on the Premises, Landlord shall deliver, or cause its general contractor to deliver, to the Tenant a performance bond or bonds and a labor and materials payment bond or bonds, issued by a surety authorized to do business in the State of California, guaranteeing full performance of the Landlord's general contractor in connection with the construction of any Tenant Improvements in accordance with the Final Plans, and payment to all claimants for labor and materials used or reasonably required for use in the construction of the Tenant Improvements, in a form satisfactory to Tenant, in the amount of one hundred percent (100%) of the total Construction Budget, and with a surety approved by Tenant which approval shall not be unreasonably withheld or delayed. Such bonds shall name the Landlord and the Tenant as

obligees. The term of each such bond shall commence on or before the commencement of construction. Each bond shall remain in effect until the date on which the bonded obligations are satisfied by the Landlord's general contractor or by the surety's performance in accordance with the terms of the bonds. The performance-bonded obligations shall be deemed to be satisfied upon the date of issuance of a Certificate of Occupancy for the Premises. Each payment bond shall remain in effect until (a) the expiration of the period for filing a claim of lien or serving a stop notice as provided by law, provided that no claim of lien or stop notice has been filed or served, or (b) if a claim of lien is filed or a stop notice is served, (i) the expiration of the period for filing an action to foreclose such lien or enforce such stop notice, provided that no such action has been filed, (ii) the date upon which the Tenant Improvements are freed from the effect of such claim of lien or stop notice and any action brought to foreclose such lien or enforce such stop notice, or (iii) the date upon which all liens or stop notices are otherwise discharged.

7.4 **Conformed Plans.** Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes, or CD, in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. **Change Orders.** Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the initial Term of the Lease at the Change Order Amortization Rate payable in equal monthly installments over the initial Term of the Lease. Landlord shall submit to Tenant with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by Tenant. Only Eligible Project Costs may be paid for by Tenant with Grant Funds.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect, shall prepare a modular furniture specifications bid package for submission to no less than three furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not

limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed 120 months.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within five days of the issuance of a Certificate of Occupancy, or a final sign-off by _____, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 24 months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord, within 30 days, shall refund to Tenant the amount of any overpayment made by Tenant and all future payments shall be adjusted as appropriate based upon the audit results.

11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 30 days prior to the Projected Commencement

Date. During this 30 day period, the Landlord shall be solely responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 48 hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) **Concurrent Delays.** Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten days of Tenant Delays and four days of Force Majeure Delays which occur during the same ten day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by 14 days.

(d) **Change Orders.** Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Tenant Remedies.** If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within sixty (60) days after the Projected Commencement Date, Tenant may, at its option:

14.2. Upon thirty (30) days written notice to Landlord, assume the responsibility for completing the Tenant Improvements itself. If Tenant elects to complete Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) (collectively, "Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five years and deducted from the rent payable hereunder and under the Lease.

14.3 Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives.**

15.1 **Tenant Representative.** Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

15.2 **Landlord Representative.** Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs

otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

18. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

By: _____
Name: _____
Title: _____
Date Signed: _____

TENANT:

By: _____
Name: _____
Title: _____
Date Signed: _____

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

- (a) The Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) The core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) Men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) Unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- (e) Public stairways;
- (f) Passenger and freight elevators;
- (g) Parking facilities;
- (h) Ground floor lobby;
- (i) Finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (j) Exterior plazas and landscaping;
- (k) Loading dock and/or area;
- (l) Drinking fountains at the core;
- (m) Electrical/telephone closet with not less than seven watts per square foot of rentable area of normal power in the floor electrical closet;
- (n) Conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors _____, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
- (o) Two 208/120 and one 480/277 volt panels connected to the Building power system;
- (p) Mechanical equipment room with ducted mechanical exhaust system;
- (q) Concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of 50 pounds per square foot and a partition load of 20 pounds per square foot;

- (r) Standard window coverings;
- (s) Primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (t) Hot and cold air loops located within the Premises;
- (u) Primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (v) Primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) Access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (x) Gypsum board on the service core walls, columns and sills in the Premises.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) As applicable, Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.